

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUDAPE 02197 061326Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-01 PRS-01 L-03 /086 W
-----069921 061415Z /43

R 061039Z JUL 77
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 8848
INFO AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMCONSUL FRANKFURT
AMEMBASSY MOSCOW
USMISSION NATO
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW

LIMITED OFFICIAL USE BUDAPEST 2197

E.O. 11652: N/A
TAGS: EFIN, EEWT, ETRD, HU
SUBJECT: HUNGARIAN EUROCURRENCY BORROWING, WITH OPTION FOR DRAWDOWN
IN THE U.S.

REF: BUDAPEST 2134

1. EMBASSY HAS OBTAINED ADDITIONAL INFORMATION ON PLANNED
HUNGARIAN BORROWING TIMED TO COINCIDE WITH OPENING OF
HUNGARIAN NATIONAL BANK (MNB) NEW YORK REP OFFICE.

2. INITIAL INFORMATION WAS THAT GOH WOULD HAVE OPTION
OF BORROWING FUNDS ON U.S. CAPITAL MARKETS IF THIS COURSE
PROVES CHEAPER. HOWEVER, ACCORDING TO ONE CO-MANAGER,
AGREEMENT IS WORDED TO ENABLE MNB TO USE ON AMERICAN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUDAPE 02197 061326Z

CAPITAL MARKETS ONLY IF FOR SOME REASON EUROCURRENCY
UNAVAILABLE. THIS IS A MOST UNLIKELY POSSIBILITY, BUT SUCH
SITUATION HAS EXISTED FROM TIME TO TIME (DURING MOST
RECENT MIDDLE EAST WAR, FOR EXAMPLE). THUS, PURPOSE
OF THIS WORDING IS STRICTLY SHOW AND TELL, I.E. MNB
WISHES TO PROCLAIM TO WORLD IT DOES HAVE OPTION OF
GOING TO AMERICAN MARKET IF IT SO DESIRES.

3. KUHN, LOEB FAILED TO PUT TOGETHER SYNDICATE AND BANK OF AMERICAN (B OF A) NOW LEAD MANAGER. SIZE OF LOAN HAS NOW INCREASED TO 200 MILLION DOLLARS. B OF A WILL TAKE 50 MILLION AND THE REMAINING SIX LEAD BANKS 25 MILLION EACH. THE OTHER SIX ARE: SECURITY PACIFIC, BANK OF MONTREAL, CITY BANK, FIRST OF BOSTON, BANKERS TRUST, AND UNIDENTIFIED CHICAGO BANK. THIS GIVES COAST-TO-COAST NORTH AMERICAN PARTICIPATION. TERMS ARE ONE PERCENT OVER LIBOR FOR FIRST FOUR YEARS AND ONE AND ONE-EIGHTH PERCENT FOR REMAINING THREE (NOT TWO, AS ORIGINALLY REPORTED) YEARS. UNLIKELY AMERICAN DRAWDOWN WOULD BE AT 120 PERCENT OF PRIME.

4. IF LOAN AGREEMENT DRAWN UP AS DESCRIBED ABOVE IT THUS APPEARS UNLIKELY THAT MNB WILL TAP AMERICAN MARKET IN THIS PARTICULAR BORROWING.
MUDD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, ESTABLISHMENT OF OFFICES, LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BUDAPE02197
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770239-0736
Format: TEL
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770789/aaaaczji.tel
Line Count: 80
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 74c3b370-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BUDAPEST 2134
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1956580
Secure: OPEN
Status: NATIVE
Subject: HUNGARIAN EUROCURRENCY BORROWING, WITH OPTION FOR DRAWDOWN IN THE U.S.
TAGS: EFIN, EEWT, ETRD, HU
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/74c3b370-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009